Patent

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Appellant: LEE

Application Serial No.: 09/997,640

Filing Date: November 29, 2001

For: SYSTEMS AND METHODS TO FACILITATE ANALYSIS OF A COMMERCIAL MORTGAGE BACKED SECURITY PORTFOLIO BASED ON A CONTRIBUTION OF AN ADDITIONAL MORTGAGE LOAN

Confirmation No.: 7479

Group Art Unit: 3685

Examiner: Cristina O. Sherr

Response to Notification of Non-Compliant Appeal Brief mailed November 13, 2009

Attorney Docket No.: G04.009

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Mail Stop Appeal Brief – Patents (via EFS)
Commissioner for Patents
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Sir:

In response to the Notification of Non-Compliant Appeal Brief mailed on November 13, 2009, Appellant hereby submits corrected replacement pages 8-11 of the Appeal Brief. Argument heading II on page 8 has been supplemented to more clearly indicate that it is responsive to grounds of rejection (1). Argument heading IV on page 9 has been supplemented to more clearly indicate that it is responsive to grounds of rejection (2).

REMARKS

The Notification of Non-Compliant Appeal Brief states that the argument section must match the grounds section insomuch as each grounds corresponds to a heading within the argument section.

Corrected replacement pages 8-11 of the Appeal Brief section are enclosed herewith.

Accordingly, reconsideration and withdrawal of the Notification of Non-Compliant Appeal Brief is respectfully requested.

CONCLUSION

If any additional fees are due in conjunction with this matter, the Commissioner is hereby authorized to charge them to Deposit Account 50-1852.

If any issues remain, or if the Examiner or Board believes that a telephone interview would expedite the prosecution of this application in any way, kindly contact the undersigned via telephone at (203) 972 – 3460.

Respectfully submitted,

December 14, 2009
Date

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> the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.[1]

A *prima facie* finding of obviousness cannot properly be made unless all the limitations of the claimed invention are taught or suggested by the prior art. *In re Royka*, 490 F. 2d 981 (CCPA 1974).

Appellants' main contentions will be that the prior art considered as a whole does not render the claimed invention obvious, and that at least one limitation of each claim is not disclosed in the prior art relied upon by the Examiner.

II. Claims 2-10 and 17-19 are directed to statutory subject matter as required under § 101. (Response to grounds of rejection (1)—rejection under § 101)

For purposes of this rejection, it is intended that claims 2-10 and 17-19 stand or fall together.

The Examiner asserts that method steps recited in the rejected claims fail the *Bilski* test because the method steps "are not tied to a machine and can be performed without the use of a particular machine".[2] However, appellant respectfully submits that this assertion by the Examiner overlooks the following language recited in claim 2: "***a server computer*** retrieving at least some of the base information from a database"; "***the server computer*** receiving said information associated with the additional mortgage loan from a ***user terminal***"; "***said server computer*** calculating a loan spread for the additional mortgage loan in accordance with a contribution of the additional mortgage loan to the portfolio"; and "***said server computer*** calculates said loan spread in accordance with an indication from a user as to whether a particular one of said credit rating categories is to be calculated".

Accordingly, no less than four method steps in claim 2 are clearly tied to a machine, namely a "server computer". Indeed, one of the method steps is tied to two different machines,

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[1] Slip opinion, at pp. 1-2.

[2] Final Office Action, page 3, paragraph 7.

namely the "server computer" and a "user terminal". It thus simply is not the case that the method steps of claim 2 are not tied to a machine. Rather, several of the method steps are in fact tied to a machine, so that claim 2 clearly satisfies the *Bilski* test. Thus claim 2 satisfies the statutory subject matter requirement of § 101, and this rejection should be reversed.

III. Overview of prior art references

The Freeman reference is primarily concerned with a computer-assisted technique for comparing delinquency rates among mortgage loans of different vintages.[3] An output of Freeman's technique predicts future default rates in loan portfolios and may be used to decide whether to make an investment in various loan portfolios.[4]

Inclusion of the Wheatworks reference in the Examiner's claim rejections appears to be an artifact of key word searching and inattention on the part of the Examiner. The Wheatworks reference is a webpage printout that promotes spreadsheet software for making calculations about loans. The advertised product is called "LoanSpread™ Financial Calculator" but actually has nothing to do with calculating loan spreads[5] as that term is used in the pending claims. It appears that the "spread" portion of the product name is a reference to a spreadsheet, not a loan spread.

The Brown reference is cited by the Examiner for the noncontroversial proposition that credit ratings may be conventionally expressed as letter grades.

IV. The pending claims are not obvious in view of the prior art cited by the Examiner. (Response to grounds of rejection (2)—rejection under § 103(a))

Claim 2 is taken as exemplary of the pending claims.[6]

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[3] Freeman, Abstract.

[4] Id.

[5] As noted above, a "loan spread" is defined in the specification of this application (at page 1, lines 19-21) as the difference in basis points between the interest rate paid to investors and a known index.

[6] Appellant proposes that the claims stand or fall together, except that appellant is also presenting separate arguments for each of dependent claims 4-10 that support patentability of those claims even if claim 2 is not held to be patentable.

Appellant respectfully submits that the prior art relied upon by the Examiner, taken as a whole, does not teach or suggest the invention recited in claim 2, when also taken as a whole.

The Examiner has conceded that the Freeman reference fails to disclose "calculating a loan spread for [an] additional mortgage loan in accordance with a contribution of the additional mortgage loan to [a] portfolio".[7] The Examiner then proposes that it would be "obvious … to include loan spread calculation in analyzing a portfolio of mortgages, given that loan spread calculation is a standard for evaluating mortgages."[8] In this regard, the Examiner cited the "Wheatworks" reference.

One major problem with the Examiner's position is that calculation of loan spreads has no logical part to play in Freeman's system for analyzing loan portfolios. A main point of Freeman's analysis is to determine the "performance of various loan groups vis-à-vis the default rate of these loans over the life of these loans, foreclosures, collection efforts, loan prepayments and the like".[9] Freeman proposes to improve analysis of this type of "performance" by comparing loans of different vintages as of times when the loans were at the same age.[10] However, this type of performance analysis would not be aided in any way by calculated loan spreads, because loan spreads are not relevant to this type of performance, i.e., to whether defaults occur or prepayments are made. Thus there is no apparent reason why calculating a loan spread would be incorporated in Freeman's system.

Appellant also notes that the Wheatworks reference does not support the Examiner's reliance thereon. While "LoanSpread" is the brand name for the software package advertised in the Wheatworks reference, this term merely seems to suggest the concept of a spreadsheet for analyzing a loan. This is a totally different concept from calculating a loan spread as that term is used in claim 2 and would be understood by one who is skilled in the art.[11] Appellant observes that the various loan parameters listed in the second paragraph of the Wheatworks reference do not include a "loan spread".

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[7] Final Office Action, page 5, paragraph 18.

[8] Final Office Action, page 6, lines 1-3.

[9] Freeman, column 5, lines 62-65.

[10] Freeman, column 10, lines 3-27.

[11] See footnote 7, *supra*.

Still further, and assuming for the sake of argument that calculation of loan spreads is well known, it nevertheless does not follow that it was known to calculate a loan spread "in accordance with a contribution of [an] additional mortgage loan to [a] portfolio", as specifically recited in claim 2. The Examiner has completely failed to establish that calculation of a loan spread in this particular manner was known in the prior art. As the Examiner concedes, Freeman is entirely silent as to loan spreads.[12] Further, the Wheatworks reference has nothing to do with calculating loan spreads. Thus the Examiner has failed to provide a *prima facie* case of obviousness with respect to at least one element of claim 2.

For all of these reasons, appellant respectfully submits that the rejection of claim 2 is fatally flawed, and should be reversed.

V. Separate argument in support of patentability of claim 4

Claim 4 is dependent on claim 2, and so should be held patentable on the same basis as claim 2. However, claim 4 also recites a limitation that supports an additional ground for patentability of claim 4.

The additional limitation recited in claim 4 is, "adding the category size for the additional mortgage loan to the current category size to determine a combined category size for each credit rating category". The Examiner asserts that the Freeman reference, at column 13, lines 11-23, discloses this limitation. However, the cited passage in the reference only deals with adjusting a comparison of groups of loans for differences in sample sizes[13]. This passage has nothing to do with adding a category size for an additional mortgage loan to a current category size to determine a combined category size.

The Examiner has failed to provide a *prima facie* case of obviousness with respect to claim 4.

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[12] The Brown reference is also completely irrelevant to calculating loan spreads.

[13] Again it appears that virtually "blindfolded" key word searching is at work in the Examiner's citation of prior art.